

## Legislative Questions

The following four questions should be considered by the Legislature due to the effects of federal tax legislation HR1 (Tax Cut and Jobs Act) before the 2018 income tax filings occur.

1. What is the definition of itemized deductions? Should Utah Taxpayers be allowed or not be allowed the 20% deduction for qualified business income? Should the deduction be allowed to only those who itemize or should the deduction be available to all taxpayers (including those who elect the Standard Deduction)? This will require a change to Section 59-10-1018 UCA since it is unclear under our statute.
2. Should Utah have its own personal exemption? Due to the suspension of the personal exemption under federal law, the Utah personal exemption is now 75% of 0. This will result in the Utah personal exemption component of the taxpayer tax credit also being reduced to zero unless the Legislature amends Section 59-10-1018 to address this issue. A careful review of the incidence calculations needs to be done as part of addressing the issue. Another option would be to make a general rate reduction, but a clarification of how to address the taxpayer tax credit should also be made if a rate reduction is made.
3. Should we harmonize our corporate NOL carry back and carry forward provisions to match that of HR1? This would include repeal of the NOL carry back and adoption of an 80% limitation on the carry forward of NOL similar to the new federal law. If we take no action on this issue, taxpayers will be required to maintain two sets of books, one for the federal return and one for the state return.
4. Should Utah match the allowed 8 year payment of deemed foreign dividend taxes? Utah presently has no provision permitting the payment of deferred tax. This will require not only statutory changes but computer programming changes as well. We understand that the federal law will not require the payment of interest. If deferral is allowed, should Utah law likewise exempt this deferral from the payment of interest requirement?